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FACSIMILE COVER SHEET

Date: 3-27-07

Number of pages: 4
including this cover sheet)

TO: Joe Romero Jr

Fax No. 224-9554

Firm: _____

FROM: Victor Carlin

RE: Dana Jarvis / First Community Bank

Message:

see my letter to you dated 3-27-07

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March 27, 2007

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Certified Mail No. 7006 0810 0001 2807 2981
Return Receipt Requested
and VIA FAX 224-9554

Mr. Dana Jarvis
c/o Joe M. Romero, Jr., Esq.
1905 Lomas NW
Albuquerque, N.M. 87104

Victor E. Carlin
Jocelyn R. Castillo

S. Scott Davis

RE: Debt owed to First Community Bank, fka First State Bank NM, by Dana Jarvis
Loan # 214477
May 28, 2003 \$125,000 Promissory Note
Collateral: Liquor License No. 2599, and real property at 3523 Central NE,
Albuquerque, NM

Terry D. Farmer

Mark A. Glenn

Alicia L. Gutierrez

Steven J. Hile

Dear Mr. Romero:

Nathan C. Sprague

It is my understanding that you are representing Mr. Dana Jarvis. If that is not correct please let me know immediately.

Ron A. Tucker

Joseph L. Wernitz

NOTICE OF DEFAULT: This law firm represents First Community Bank, formerly known as First State Bank NM, hereinafter referred to as the "Bank." As Mr. Jarvis knows, the above-referenced Note (the "Note") requires regular payments of \$891.83 each which are due on the 23rd day of each month. The payment that was due on November 23, 2006, and all subsequent monthly payments, are past due and owing. Therefore, the Note is in default.

*licensed in California

*licensed in Oklahoma

*licensed in Colorado

NOTICE OF INCREASE IN INTEREST RATE: As a result of the above described default the Bank has increased the variable interest rate on the Note by three percentage points. Therefore, effective today the interest rate on the Note will be 10% per annum.



NOTICE OF ACCELERATION: As a result of the above described default the Bank has declared, and does hereby declare, the entire unpaid principal balance on the Note, and all accrued and unpaid interest, immediately due. As of March 27, 2007, the principal balance of the Note is \$117,760.58, plus \$3,640.77 in interest, plus \$32.71 interest per day thereafter, plus \$178.36 in late charges, plus costs and attorney's fees. Through March 20, 2007 the Bank's attorney fees totaled in excess of \$11,200.

DEMAND IS HEREBY MADE that within thirty (30) days from the date of your receipt of this letter, Mr. Jarvis pay the Bank the full accelerated amount of the debt owed to the Bank. If payment in full is not received within said thirty (30) day period, or if other arrangements satisfactory to the Bank are not made within that time, the Bank will take action to enforce its rights and remedies, including, but not limited to, filing a foreclosure action against all or part of its collateral (subject to the limitations of 21 USC Section 853, to the extent applicable).



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*Mr. Dana Jarvis
c/o Joe M. Romero, Jr., Esq.
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BORROWERS' CONDITIONAL OPTION TO REINSTATE: The Bank prefers that Mr. Jarvis pay the Note in full within 30 days. However, if Mr. Jarvis fully meets the below-described conditions in a timely manner, the Bank will agree to reinstate the Note, Mortgage and Security Agreement. Those conditions are that within thirty (30) days from the date of your receipt of this letter Mr. Jarvis takes the following actions (or causes them to be taken on his behalf):

- (1) Pay the Bank all sums which would then be due under the Note, Mortgage and Security Agreement as if no acceleration had occurred;
- (2) Provide the Bank with evidence that all real and personal property taxes on the Bank's collateral are current;
- (3) Provide the Bank with evidence of appropriate current insurance on its collateral;
- (4) Cure any default of any other covenant or agreement in the Note, Mortgage, and Security Agreement;
- (5) Pay all expenses incurred by the Bank in enforcing the Note, Mortgage, and Security Agreement, including, but not limited to, reasonable attorney's fees; and
- (6) Take such action as the Bank may reasonably require to assure the Bank that its lien and its rights in its collateral, as well as Mr. Jarvis' obligation to pay all sums secured by said collateral, shall continue unchanged.

If Mr. Jarvis reinstates the Note, Mortgage, and Security Agreement in a timely manner, the Note, Mortgage, and Security Agreement, and the obligations secured thereby, shall remain fully effective as if no acceleration had occurred.

The Bank, in its discretion, may or may not accept any partial payment that does not fully satisfy the above-listed conditions. However, if Mr. Jarvis chooses to make any partial payments, and if any such partial payments are accepted by the Bank, the Bank reserves the right to continue to take action to enforce the Note, Mortgage, and Security Agreement. In other words, the accelerated status of the Note will not change unless Mr. Jarvis fully satisfies the above-listed conditions in a timely manner.



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c/o Joe M. Romero, Jr., Esq.
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Please give me a call if you have any questions. Thank you.

Very truly yours,

MOSES, DUNN, FARMER & TUTHILL, P.C.

By *Victor E. Carlin*
Victor E. Carlin

VEC:bsw

cc: First Community Bank/Ms. Cynthia Richards